

Statistical bulletin

# Business investment in the UK: July to September 2023 revised results

Estimates of short-term indicators of investment in non-financial assets; business investment and asset and sector breakdowns of total gross fixed capital formation.



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# 1 . Main points

- Business investment decreased by 3.2% in Quarter 3 (July to Sept) 2023, revised up from a 4.2% fall in the provisional estimate.
- Business investment has grown by 2.3% compared with the same quarter a year ago.
- The main contributor to the decline in business investment growth was a fall in transport.
- Whole economy investment (technically known as gross fixed capital formation (GFCF)), which includes business and public sector investment, decreased by 1.6% in Quarter 3 2023, revised up from a 2.0% fall in the provisional estimate.
- GFCF has grown by 0.4% compared with the same quarter a year ago.

## 2 . Business investment

Data are open to revision from Quarter 1 (Jan to Mar) 2022 to Quarter 3 (July to Sept) 2023 in this publication.

The 3.2% fall in business investment for Quarter 3 2023, revised up from the provisional 4.2% fall, was predominantly driven by a decrease in transport, however, transport remains 26.5% above its Quarter 3 2022 level. Additionally, all other business investment components decreased from their Quarter 2 (Apr to June) 2023 levels, which includes: information and communication technology (ICT) equipment and other machinery and equipment, intellectual property products (IPP), and buildings.

The main contributor to the upward revision in Quarter 3 2023 was a reduced fall in transport compared with the provisional estimate. Transport investment can be particularly volatile because of the high value of some transport equipment.

Contributions from the other headline business investment components were all relatively unchanged compared with the provisional estimate. These revisions are the result of later survey data, also we have further reviewed the transport seasonal adjustment path and made improvements. The level of business investment has been revised down in both Quarter 2 and Quarter 3 2023. The upward revision in business investment growth in the latest quarter is in part caused by a greater downward revision to Quarter 2 2023 levels than Quarter 3 2023 levels.

### Full expensing

In the [2023 Autumn Statement](#), the UK government announced that full expensing would be made permanent. The Office for Budget Responsibility (OBR), in their [November 2023 economic and fiscal outlook](#), forecast that this will increase real business investment by about £3 billion a year over the forecast period (up to 2028 to 2029). However, the switch from temporary to permanent full expensing removes the incentive to bring forward business investment in the short term. We will be closely monitoring the impacts of the latest full expensing changes in the coming quarters.

## 3 . Whole economy investment

**Figure 1: Gross fixed capital formation (GFCF) declines for the second quarter, additionally business investment falls back in the latest quarter**

UK business investment and whole economy investment, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 1997 to Quarter 3 (Jul to Sep) 2023

Notes:

1. Q1 refers to Quarter 1 (Jan to Mar), Q2 refers to Quarter 2 (Apr to June), Q3 refers to Quarter 3 (July to Sept) and Q4 refers to Quarter 4 (Oct to Dec).
2. UK business investment, chained volume measure, seasonally adjusted, excluding the reclassification of British Nuclear Fuels (BNFL) in Quarter 2 2005.
3. Quarter 2 2020 was the largest fall on record for gross fixed capital formation excluding the reclassification of British Nuclear Fuels (BNFL) in Quarter 2 2005.
4. Index is referenced to Quarter 1 (Jan to Mar) 1997 = 100.

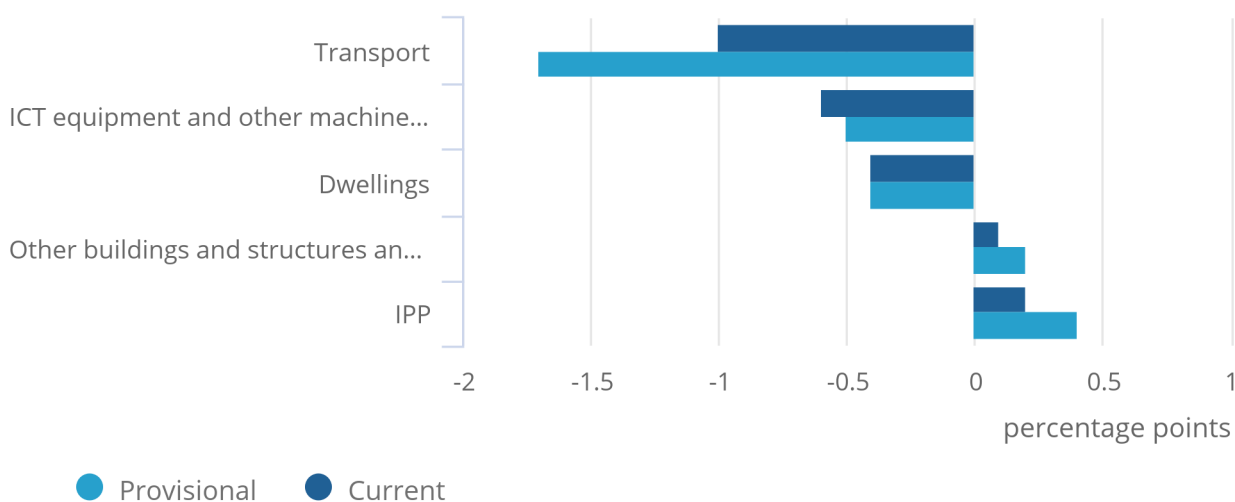
Whole economy investment (technically known as gross fixed capital formation (GFCF)), which includes business and public sector investment, decreased by 1.6% in Quarter 3 (July to Sept) 2023, revised up from a 2.0% fall in the provisional estimate.

**Figure 2: Transport contributes most to the Quarter 3 2023 fall in gross fixed capital formation (GFCF)**

Contributions to UK whole economy investment growth by asset, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2022 to Quarter 3 (July to Sept) 2023

Figure 2: Transport contributes most to the Quarter 3 2023 fall in gross fixed capital formation (GFCF)

Contributions to UK whole economy investment growth by asset, chained volume measure, seasonally adjusted, Quarter 1 (Jan to Mar) 2022 to Quarter 3 (July to Sept) 2023



**Source: Business investment in the UK from the Office for National Statistics**

The fall in GFCF growth for Quarter 3 2023 was driven by a fall in transport, information and communication technology (ICT) and other machinery and equipment, and dwellings. This was partially offset by a slight increase in intellectual property products (IPP) and other buildings.

The upward revision to growth compared with the provisional estimate has been largely driven by transport, with other components seeing minimal or slight downward revisions. Some of this revision is also driven by a larger fall in the level of GFCF in Quarter 2 (Apr to June) 2023 relative to the fall in level in Quarter 3 2023.

GFCF in Quarter 2 2023 has been revised down from a 0.8% growth to a 1.0% fall. This is driven by the cumulative effect of slight downward revisions across all assets. Transport is still showing a large increase in Quarter 2 2023, but this has been revised down from the previous estimate.

## 4 . International comparisons of whole economy investment for the G7 nations

Using data collated by the Organisation for Economic Co-operation and Development (OECD) from relevant national statistical institutes, we can compare whole economy investment (labelled gross fixed capital formation (GFCF) in OECD data tables) within the G7 nations. Figure 3 shows whole economy investment for the G7 nations as a percentage of gross domestic product (GDP) back to Quarter 1 (Jan to Mar) 2020.

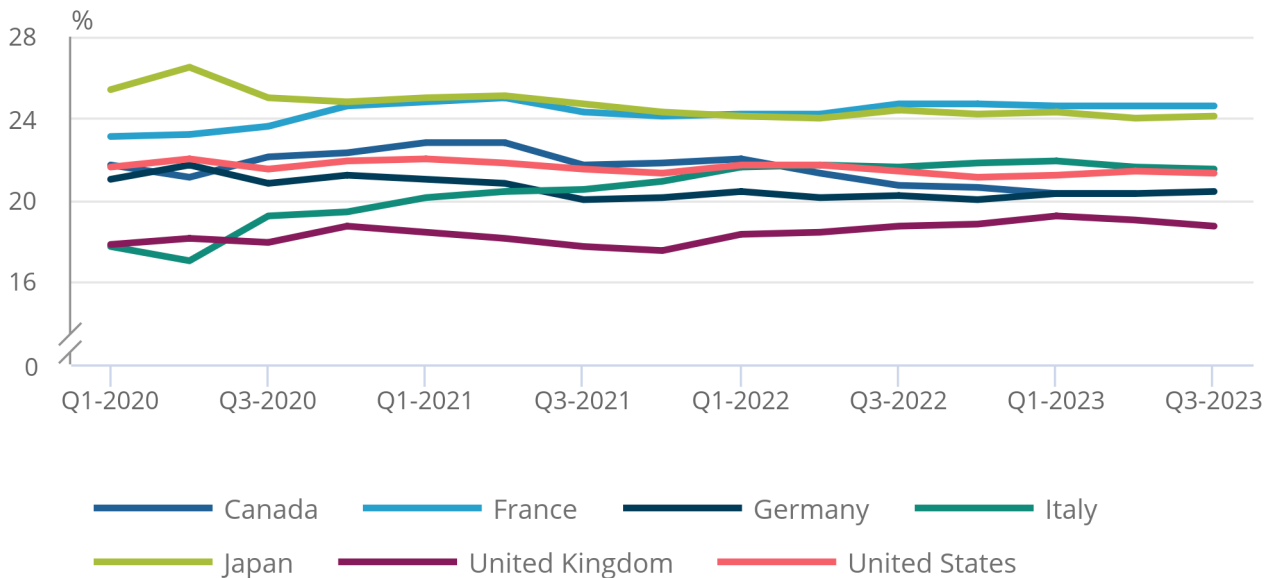
Whole economy investment in the UK fell by 1.6% in Quarter 3 (July to Sept) 2023, the biggest decrease of the G7 nations. GFCF in the UK in Quarter 3 2023, as a percentage of GDP, is the lowest out of all G7 nations at 18.7%, followed by Germany at 20.4%. This is the 13th successive quarter of the UK having the lowest GFCF as a percentage of GDP, with Italy below the UK in Quarter 1 and Quarter 2 (Apr to June) 2020.

**Figure 3: UK gross fixed capital formation (GFCF) as a percentage of GDP compared with the other G7 nations**

G7 nations GFCF as a percentage of GDP, chained volume measures, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 3 (July to Sept) 2023

Figure 3: UK gross fixed capital formation (GFCF) as a percentage of GDP compared with the other G7 nations

G7 nations GFCF as a percentage of GDP, chained volume measures, seasonally adjusted, Quarter 1 (Jan to Mar) 2020 to Quarter 3 (July to Sept) 2023



Source: Business investment in the UK from the Office for National Statistics and OECD

Notes:

1. The Group of 7 (G7) nations is an intergovernmental organisation consisting of Canada, France, Germany, Italy, Japan, the UK and the United States.
2. The coronavirus (COVID-19) pandemic has affected each country in different ways and as a result, restrictions have been put in place at differing times by each country.
3. Data shown in this chart reflect the latest available at the time of production of this bulletin, including provisional data, which may subsequently be revised.

## 5 . Business investment data

### [Business investment by asset](#)

Dataset | Released on 22 December 2023

Detailed breakdown of business investment by asset, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

### [Business investment by industry and asset](#)

Dataset | Released on 22 December 2023

Detailed breakdown of business investment by industry and asset, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK, Quarter 1 (Jan to Mar) 1997 to Quarter 2 (Apr to June) 2023.

### [Gross fixed capital formation – by sector and asset](#)

Dataset | Released 22 December 2023

Sector and asset breakdowns of gross fixed capital formation (GFCF), including business investment and revisions, in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

### [Quarterly Stocks Survey \(QSS\) and Capital Assets Survey \(QCAS\) Textual Data Analysis](#)

Dataset | Released 22 December 2023

The indicators and analysis in this dataset are based on qualitative responses from comments left by responding businesses to both our Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS) and Quarterly Stocks Survey (QSS).

### [Annual Gross fixed capital formation – by sector and asset](#)

Dataset | Released 31 October 2023

Annual sector and asset breakdowns of gross fixed capital formation (GFCF), in current prices and chained volume measures, non-seasonally adjusted and seasonally adjusted, UK.

## 6 . Glossary

### More about economy, business and jobs

- All ONS analysis, summarised in our [economy, business and jobs roundup](#).
- Explore the latest trends in employment, prices and trade in our [economic dashboard](#).
- View [all economic data](#).

## 7 . Measuring the data

Quality and methodology information on strengths, limitations, appropriate uses, and how the data were created is available in the [Business investment Quality and Methodology Information \(QMI\)](#).

In August 2022, we reviewed the methods used for estimating data from the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS). The imputation review found that the methods used were appropriate and no changes were made.

### Revisions

In line with the [National Accounts Revisions Policy](#), all periods from Quarter 1 (Jan to Mar) 2022 to Quarter 3 (July to Sept) 2023 are open in this publication.

## Data within this bulletin

All data within this bulletin, unless specified, are presented in chained volume measure (CVM). This means they have the effect of price changes removed (in other words, the data are deflated).

In Quarter 3 (Jan to Mar) 2023, the Quarterly Acquisitions and Disposals of Capital Assets Survey (QCAS), the largest data source for gross fixed capital formation (GFCF) and business investment, had a response rate of 76.5% for estimates used in the revised release.

## Adjustments

Large capital expenditure tends to be reported later in the data collection period than smaller capital expenditure. This means that larger expenditures are often included in the revised (month 3) results but are not reported in time for the provisional (month 2) results. This can lead to a tendency toward upward revisions in the later estimates for business investment and gross fixed capital formation (GFCF). Following investigation of the impact of this effect, from Quarter 3 (July to Sept) 2013, a bias adjustment was introduced in the provisional estimate.

This adjustment was suspended in Quarter 2 (Apr to June) 2020 because of uncertainties surrounding the effect of the coronavirus (COVID-19) pandemic. However, since Quarter 4 (Oct to Dec) 2021, after further investigation and analysis of its impact, the bias adjustment was reintroduced to business investment and GFCF. The bias adjustment, as is usual, has been removed for the revised release.

## Business investment user consultation

Most respondents to the user consultation that was run in May 2023 and June 2023 reported that they read our Business Investment bulletin each time it was published, but a majority also said data-only releases would continue to meet their needs. Based on these findings, we will continue to publish the datasets that accompany the Business investment bulletin, but we have moved to a headline only bulletin format as part of the provisional Business investment release. This can be seen in the [Business investment in the UK: July to September 2023 provisional results](#). This will enable us to focus on the revised bulletin only, and to add even more informative content. This meets [wider ONS objectives](#) to review our publication models.

## 8 . Related links

### [GDP quarterly national accounts UK: July to September 2023](#)

Bulletin | Released 22 December 2023

Revised quarterly estimate of gross domestic product (GDP) for the UK. Uses additional data to provide a more precise indication of economic growth than the first estimate.

### [Experimental regional gross fixed capital formation \(GFCF\) estimates by asset type. UK](#)

Article | Released 8 December 2023

Gross fixed capital formation estimates broken down by asset type, international territorial levels and local authority districts.

### [National balance sheet estimates for the UK: 2023](#)

Article | Released 14 December 2023

Annual estimates of the market value of financial and non-financial assets for the UK, providing a measure of the nation's wealth.

### [Capital stocks and fixed capital consumption, UK](#)

Bulletin | Released 8 December 2023

Annual estimates of the value and types of non-financial assets used in the production of goods or services within the UK economy and their loss in value over time.

### [A short guide to gross fixed capital formation and business investment](#)

Article | Released 25 May 2017

A useful background of how to interpret, compare and analyse statistics regarding gross fixed capital formation and business investment.



## 9 . Cite this statistical bulletin

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